

Indiana House of Representatives

News and Information

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STILWELL: NEW LAW CLOSES LOOPHOLE BENEFITTING AK STEEL; CHANGE WILL SAVE SPENCER COUNTY TAXPAYERS MILLIONS

INDIANAPOLIS – A tax break for AK Steel that would have cost Spencer County taxpayers hundreds of millions of dollars was eliminated during the 2005 session of the Indiana General Assembly, thanks to the work of State Rep. Russ Stilwell (D-Boonville) and other lawmakers.

"Senate Enrolled Act 327, approved in the final hours of the 2005 session, contains a provision that ensures AK Steel will not be able to take tax deductions that would have taken close to \$200 million off the tax rolls and placed an immense burden on the backs of the taxpayers of Spencer County," Stilwell said.

AK Steel had taken advantage of language in the state budget approved by the Legislature in 2003 that was designed to give integrated steel mills special breaks in depreciating equipment. This language was never intended for AK Steel.

"This language was supposed to benefit those steel mills in Lake County that have blast furnaces in Indiana," Stilwell noted. "However, the language was vague enough that AK Steel took advantage of the break, even though they have no blast furnaces in this state.

"Obviously, that was not the intent of the original legislation, so members on both sides of the aisle agreed with me that we had to clear up the language and make sure that AK Steel lives up to its obligations to the community," he added.

Stilwell pointed out that AK Steel did nothing wrong in attempting to take the tax deductions. The original law was not drafted correctly, and the 2005 law corrected the mistake by ensuring that the deductions were only for blast furnaces "in Indiana."

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